

MONTANA LEGISLATIVE HISTORY

Chapter 497 19 73

Bill H 97 S _____ Original bill & history C

H. Committee on Taxation

Hearing Date(s) Jan 11 ☒ C

Feb 06 ☒ C

Feb 26 ☒ C

_____ ☐ C

Date Out Feb 26 ☒ C

S. Committee on Taxation

Hearing Date(s) Mar 13 ☒ C

Mar 15 ☒ C

_____ ☐ C

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Mar 15 ☒ C

Did this bill originate in an interim committee? ☐ Yes ☐ No

Committee _____

Report _____

February 6, 1973

TAXATION COMMITTEE (Hearing on all coal tax bills)

The meeting was called to order by Chairman Robert D. Watt at 11:40 a.m., with all members present.

Before the hearing began, Chairman Watt stated that because House Bills ninety-seven (97) and one-hundred sixty-six (166) had already been heard it would not be necessary for the sponsors of the bills to speak again. He also said that those people planning to testify either in favor or against bills posted for the day would be able to refer to all coal bills collectively, since they are all related.

Representative Dan Norman, a taxation committee member, was the first to speak as chief sponsor of House Bill forty-seven (47), which would raise the strip coal mines license tax to \$.57 per ton and the fiscal note showed that amount would generate approximately seventeen million dollars (\$17,000,000) in the biennium. Representative Norman claimed that the committee would hear from the conglomerates that they cannot afford a tax increase; however, he continued, Montana cannot afford to be further exploited by those conglomerates.

House Bill five-hundred eight (508) sponsored by Wallace Edland was the next to be heard. Mr. Edland's bill would increase the tax to \$.10 per ton from the current \$.04, which he claims would be more than fair to the companies to which it would apply.

Representative "Hank" Cox, chief sponsor of House Bill four-hundred sixty (460) from Yellowstone County began by stating that coal is an asset and also a resource. He claimed a tax must be levied which will return an adequate revenue level to the state but not be so punitive as to drive industry out of the state. His bill would raise the tax per ton to \$.25 on coal for the purpose of supporting county government. The bill has a unique distribution formula that would insure that different areas of government would directly benefit from the tax.

House Bill five-hundred nine (509) sponsored chiefly by Larry Fasbender would change the basis for determining and raising the strip mines license tax and remove the reclamation credit. Rep. Fasbender's bill would raise to \$.27 per ton the tax on coal, but at the same time strike the reclamation credit allowed to the companies because he claims in the past the license tax has often times been offset by the credit. Even though this particular bill may not be exactly adopted, he claimed, the committee will have several good coal tax bills from which to choose, and the actual amount they will decide upon will be up to their own discretion. In closing he stated that his bill would

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February 26, 1973

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to the bill which Rep. Tierney moved do pass, and then explained (the amendments are attached to these minutes). The motion that the amendments do pass, carried committee unanimously. Finally, John Tierney moved that HB509 as amended do pass, which was seconded by Allen Kolstad and the motion passed unanimously.

Chairman Watt stated that Rep. Jones, chief sponsor of HB one-hundred forty-one (141) had asked that the committee kill his bill since there was another bill dealing with the same subject. Therefore, Rep. Tierney moved that the bill do not pass, and his motion carried unanimously.

Thomas Towe raised the question at that point as to what the coal subcommittee had in mind for those other coal taxation bills not yet acted on. The feeling expressed by the committee was that the proposed package should be allowed out on the floor first to avoid confusion in relation to other bills dealing with the same subject. Two members of the taxation committee, Gorham Swanberg and Thomas Towe, had sponsored disturbed land tax legislation and they both expressed interest as to when their bills would be acted on. With their consent, the Chairman stated those bills would be held in committee for another few days.

Representative Cotton, chief sponsor of House Bill two-hundred eighty-four (284) had requested of the Chairman that his bill be killed. James Burnett moved that HB284 do not pass, and his motion carried unanimously.

Walter Ulmer moved that House Bill four-hundred fourteen (414) do pass, and briefly explained the bill as one that would be a good chance for property tax reduction at the local level as it would allocate the state share of federal revenue sharing funds for property tax relief to Montana homeowners. It was his understanding that federal revenue sharing was originally set up for this purpose. However, Thomas Towe felt the program was set up for various programs and not for property tax reduction at all. Gorham Swanberg interjected that both men were right, and it was mostly a matter of opinion often times depending on party concept.

John Healy agreed with Rep. Towe, and further made a substitute motion that HB414 do not pass, which was seconded by Towe. There was further discussion, after which the vote was taken, and Rep. Healy's motion carried, with the following persons voting against it: Burnett, Fagg, Kolstad, Lundgren, Tierney and Ulmer. Therefore, HB414 was passed out of committee do not pass.

The committee then moved to action on House Bill five-hundred

(CONT.)

The Senate Taxation Committee met in room 415 on March 13 at 10 o'clock to hear the package of coal tax bills, House Bills 97, 166 and 517 with a hearing Thursday morning on House Bill 509. Roll call was taken and the chairman called the meeting to order at 10:04.

Representative Bill Norman, Missoula explained that the bills had been considered a package making up the total coal tax of 55cents, and that he would appreciate the bills being voted on as a package.

Representative Fasbender explained House Bill as the bill on indemnity trusts, and explained the fiscal note that went with the bill.

John Tierney representative, said he was on Dr. Normans coal tax sub-committee. He said they tried to reach a maximum coal package. He said we do have a monopoly and felt between 40 and 60 cents, with the outcome being the recommended 55 cents.

Opponents speaking on the bill were P. L. McDonald, Anaconda Company, statement attached.

Jack Rehberg, executive Director of Montana Petroleum Industries. He suggested amending the oil and gas out of the bill.

Bob Currette, Western Energy took exception to the words "total environment" in the bill.

Jeff Brasier, Western Montana Mining Association said he felt this was cumulative taxes and perhaps even double taxation.

Representative Bardenoue explained House Bill 166 is aimed at taking up the load from the impact of development. Roads, schools, bridges for heavy equipment, etc., and that basically this bill takes care of the counties.

Dan Misner, from the League of Cities and Towns spoke in favor of the bill.

Opponents to the bill started off with Bob Corrette, Western Energy said this did not go into the general fund so in no way could be considered part of balancing the budget.

Gene Phillips, Kalispell, Pacific Power & Light and speaker for the Decker Coal Mining Company said he concurred with both 97 and 166 opponent speakers.

Pat Hook, Council for Knife River Coal Company said he concurred in the statements of the opponents for 97 and 166 and said they were not an export company so far as their operations in Montana were concerned.

Ed Quinn, Anaconda Company said he concurred with the previous speakers.

Robert McGuire, Montana Coal Council said he concurred with the speakers on 97 and 166 said he feels this bill is wrong in its conception, and is bad and that it should be deductible.

HOUSE BILL NO. 97 - INDEMNITY TRUST FUND

As a lobbyist for The Anaconda Company, I feel obligated to take a little of your time so that, no matter what your decision might be with regard to this bill, you might be a little better informed as to the consequences.

Montana is a natural resources state, depending on natural resources to keep what economy it has alive.

Let me tell you a little about Anaconda's role in Montana. It is a Montana corporation.

Anaconda spends about half a million dollars a day in Montana to operate its mines and plants.

Last year Anaconda's Montana payroll in wages and benefits approximated \$96 million.

Our Montana tax bill came to \$8.8 million.

Many more millions went to freight, utilities and for goods and services.

In the field of air and water pollution, Anaconda is making significant progress with a 3-year investment of some \$85 million, most of it in Montana.

One very significant investment is in the Anaconda, Montana, area of an additional \$23 million copper production plant which will be the nation's first commercial-size air pollution-free copper production plant.

You have all heard of the confiscation of Anaconda's properties by the Communist government of Chile. Since then the Company has engaged in a drastic reorganization and retrenchment

program to survive.

The Chile take-over was a great blow--Anaconda's stock dropped from over \$60 to \$12 or \$13--dividends dropped from 52¢ per year in 1967 to 10.9¢ in 1971 and were suspended after the second quarter of 1971 until 12.5¢ was paid in December, 1972. This was five quarters with no dividends to stockholders. Anaconda had to sell its Forest Products Division.

Those who purchased Anaconda's stock at \$60 per share are receiving a .20% return on their investment; if purchased at \$20 per share, they would be receiving a .62% return.

Where do we get the vast amounts of capital hereinabove referred to for investment in Montana? It's largely borrowed and does not originate in this state.

Yet we have been accused of taking the wealth from Montana. If our Butte operation isn't performed on a large scale and as efficiently as possible, there's no way Anaconda can stay in Montana.

I mentioned Anaconda paid \$8.8 million in taxes in Montana in 1972. It's interesting to note, however, that with the enormous investment in this state, our corporate license tax, which is measured by income, in 1972 was under \$15,000. There must be over 100 corporations operating in Montana that make more profit, and let me add that this small profit did not come from our mining operations but from our wire plant.

Let's look at what this legislative body is doing.

In 1972 we paid \$511,000 as a contribution to the Employment Security Fund. You're increasing this by 50%.

It is proposed to increase our Workmen's Compensation costs by some 60%.

It is proposed to take away any tax incentive for air and water pollution control and to place much more severe restrictions on an operator that is extending itself to its limits in this field.

Neither I nor you have any idea what the tax burden will be for the financing of education, but I hope that when we all go to the well again, like we have in every session, it won't be dry.

I've gone into detail to lay a foundation to discuss House Bill No. 97 so you will know what it does.

This bill applies a gross tax of 1/2 of 1% on the production of natural resources. Anaconda now pays a gross tax on its production. It pays 1.438% on the true value of its production. It pays this whether it makes or loses money. In 1972 it paid \$1,311,494. This proposed 1/2 of 1% on the gross merely increases the tax we are already paying by an estimated \$700,000 per year.

The Governor called for no tax increase. With all the other increases in costs, this bill proposes an additional \$700,000 on one company.

I don't understand several things in this bill. Does it include concentrated ores we bring from out of the state for refining? Section 5 would indicate it does.

I might call attention to the fact that the costs of producing zinc became so high a few years ago that we had to close the zinc mines in Butte. We kept the plant running in Great Falls by treating concentrates from Canada. Costs again climbed and the Canadians wouldn't send us the concentrates. Our plant in Great Falls closed.

Again, H. B. No. 97 - This large slush fund to be created, you are all aware, any subsequent legislature can invade for any purpose. Funds originating from resources in Western Montana can be used for boating on Fort Peck Dam; funds from oil and coal production in Eastern Montana can be used for fishing in Flathead Lake.

The main objection to H. B. No. 97 is the gross inequity. The manner in which the tax is computed is blatantly unfair.

For example, Anaconda spends vast amounts of money extracting worthless material that contains approximately 1/10 of 1% copper from the ground. It then crushes it. From there to a multimillion dollar concentrator where it is treated. Then to Anaconda and, at great expense, is smelted. From Anaconda, the product is shipped to Great Falls Reduction Works, where it is converted to a salable product.

After this stage - after a worthless material is manufactured at great expense into something of value, then the State imposes a gross tax on the value of the product. This is a manufacturing or sales tax with no relation to income. H. B. No. 97 merely

adds 1/2 of 1% on the present 1.438% already being paid.

This increase would cost Anaconda \$700,000.

By contrast, the oil producer pays his 1/2 of 1% on oil as it is pumped from the ground with no refining or other costs added.

The coal producer pays so much per ton on coal as it is taken from the ground.

If this tax produces one million dollars a year from all producers of natural resources in the State, isn't it unfair for The Anaconda Company to pay almost three-fourths of the tax.

It is submitted that, if this fund concept is necessary, it would certainly be more fair to compute the tax on metal mines on the value of the product as it comes from the ground and before all the treatment.

Again, if the fund concept is necessary, why not raise it from the corporate license tax? Many say the fair tax is measured by income. At least this would be more equitable.

A few years ago Anaconda was in a financial position to carry on extensive exploration work in this state. That had to be discontinued. However, two significant potential orebodies were discovered, one in the Stillwater, one in the Lincoln area. We sought to sell or joint venture either of these properties with numerous major mining companies.

After examination, we had no takers. Several companies were interested but then, on study, turned our proposition down,

solely on the basis of Montana's high tax rate on the mining industry.

Montana's taxes are higher on mining than Utah, Nevada, Arizona or New Mexico, in which states Anaconda operates.

This state administration called for no tax increase and economic development.

H. B. No. 97 is a grossly inequitable tax that is unnecessary, that seriously jeopardizes the existing mining industry in the state and will definitely discourage any future mining in Montana.


P. L. MacDONALD

Representing The Anaconda Company

HOUSE BILL NO. 97

PROPOSED AMENDMENT

Amend House Bill No. 97 (in the blue copy, Third Reading)
as follows:

On page 3, in lines 9 and 10, following the word "tailings" strike the comma and the words "or other place or source".

And further, on page 3, line 22, after the word "mine", insert a period and strike the remainder of subsection (1).

And further, on page 4, line 6, insert the word "total" after the words "and the".

And further, on page 4, line 14, insert a period after the word "mining" and strike the remainder of subsection (4).

And further, on page 5, in line 2, strike the word "gross" and insert in lieu thereof the word "market" and following the word "product" insert the words "at the time of extraction from the ground, if".

And further insert on page 5, line 3, following the period the following: "It is not the intent of this act to impose a tax on the processing of, or the value added to, the minerals after they are extracted from the earth. The word 'extracted' shall be construed to mean when the minerals are removed from their natural place in the earth.

"If the value of the mineral produced cannot be ascertained when extracted and must be processed before it becomes marketable, its value shall be determined by deducting from its marketable

7th Annual

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value the actual post-extraction costs.

"The Department of revenue shall verify the allowable post-extraction costs allowable in determining the value of the product.

"The information furnished by the producer to the Department of Revenue for this purpose shall be treated as provided in section 18-1507, R. C. M. 1947."

program to survive.

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Remarks by Jack Rehberg on H.B. 97

Mr. Chairman and members of the committee, I am Jack Rehberg, Executive Director of the Montana Petroleum Association and Montana Division of the Rocky Mountain Oil and Gas Association. I represent large and small members of the Petroleum Industry from the exploration, production, transportation and refining phases to Marketing. I am speaking in opposition to House Bill 97. While there may be merit in the basic idea of a trust fund I do not feel that this is the vehicle that should be passed at this time. The Constitution Convention expressed strong opposition to earmarked trust funds. Witness the change in the highway trust fund in the new constitution.

House Bill 97 implies that, in the extraction of oil and gas, loss or damage is caused to the natural environment. It further implies that the oil and gas industry causes loss or damage to the social, economic and cultural condition. The first premise implies that the oil and gas industry is not adequately regulated in housekeeping and reclamation. The second premise further implies the Oil and Gas industry degrades and causes financial loss to the community.

I would like to address a few remarks to both of these premises. First, oil and gas operations are bonded for all land classes:

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|---|-----------|
| a. Federal, public domain and acquired lands. Nationwide bond | \$150,000 |
| b. Montana Blanket leasing bond | \$ 10,000 |
| c. Montana Blanket drilling bond | \$10,000 |
| d. Indian, Nationwide bond | \$ 75,000 |

Oil and gas operation are regulated by Federal and State Code. The rules and regulations practices and procedures are defined in documents provided by the BLM, USGS, BIA, State of Montana and the Montana Oil and Gas Commission.

Leasing and exploration practices and procedures (including land entry, reclamation and withdrawal) are regulated by law and secured by bond. Drilling and production operations are permitted, regulated, supervised by State and Federal agencies and are fully bonded. Plugging and lease abandoning are permitted, regulated, inspected and approved by Federal and State Agencies and are fully bonded.

Let us look at the sociological and cultural impact. Most of the oil and gas industry people are Montanans. Drilling crews for the most part are made up from the

community and draw from the local labor market. Often drilling crews include farmers and ranchers who have free time between farm and ranch chores. Many drilling operations are purposely conducted during summer months when weather and road conditions are best. This provides employment for students. Oil and gas industry adults and children find their place in the community. The economic impact to Montana, the counties and the cities brought about by sustained oil and gas production is well documented. Much data is available in the State, county, city and private tax records on the revenue from the heavily taxed oil and gas industry. The same sources together with commissioners, school boards, treasurers, mayors will attest to the economic assistance of sustained oil and gas industry payrolls in the community. Additional taxes imposed by H.B. 97 on an already heavily taxed industry seems discriminatory and even punitive.

The tax structure under which oil production in Montana is taxed is discriminatory and the total tax burden is excessive. This direct adverse economic effort of excessive and discriminatory taxes on oil production in Montana has been a decided disadvantage in our state in attracting oil exploration risk capital. The result has been a steady general decline in the expenditure of risk capital in Montana. With the ever increasing seriousness of a pending energy gap, reasonable incentives and taxes must be encouraged and maintained to stimulate a continuous exploration program for oil in Montana.

Let's briefly look at what has been done in this legislative session. H B 329 increased taxes to the industry for the support of the oil and gas commission by 80,000 dollars. This measure was supported by the industry. This will amount to about \$262,000 tax to promote conservation and reclamation.

House Bill 428 providing a state-wide mill levy of 40 mills will have a devastating effect on the oil production in those counties. An increase of 17.65 mills projected against the amount taxable for net proceeds will increase the tax burden on the oil industry in Powder River county by 169,664 dollars. An increase of 11.12 mills in Fallon county, \$119,435 and an increase of 14.26 mills in Wibaux county 57,990 dollars. These three counties make up 30 percent of the oil production in the state.

Projecting the tax in HB 97 an additional tax of \$550,000 will be levied against the oil and gas industry.

Adding the three taxes together, amounting to nearly 1 million dollars amounts to a 9.44% increase in the already high tax on the petroleum industry.

In light of the seriousness of the energy shortage we would hope that you would give consideration to the defeat of this type of legislation. As a second alternative I would ask that you consider the amending out of the legislation the oil and gas industry.

I feel that it is time for public officials to stop talking and tinkering with tax laws affecting the industries that are seeking to find and develop the very life-blood of our nation and its security. In the public interest, they should be taking steps to encourage development of the fuels we all need. It's time for legislators to turn their full attention to finding solutions to the energy supply problem--a problem that could affect every American, every day.

The Senate Committee on Taxation met in room 415 of the State Capitol at 9 A.M. Thursday, March 15. Senator Nees, Chairman, called the meeting to order at 9:09 following roll call.

Senator Moore explained Senate Bill 470, as one of the sponsors of the bill. He explained that if the legislature were going to impose upon the counties the laws, they then had to follow through with the finances to carry out the laws. Discussion was held.

Senator McKeon moved to strike the words and figures "twenty-eight (28)" and insert the words and figures "thirty (30)", seconded by Senator Mathers, voted and passed with Senator McOmber voting "no".

There was a motion by Senator McKeon, seconded by Senator Mathers, that Senate Bill 470 DO PASS AS AMENDED. Voted and passed, with Senators McOmber, McGowan and Broeder voting "no".

There was a motion by Senator McKeon, seconded by Senator Mathers, that House Bill 531 BE NOT CONCURRED IN. Voted and passed.

Senator Turnage moved that the Schwinden amendments #1, #2, #3 and #7 to House Bill 97 be adopted. The motion was seconded by Senator McKeon.

There was a motion by Senator Turnage, seconded by Senator McKeon, to adopt an amendment adding the word "total" on page 4, Section 5, line 6.

Senator Turnage moved, seconded by Senator McKeon, to amend page 4, line 14.

Senator Turnage moved, seconded by Senator McKeon, to amend by adding a new section 12 (the #7 Schwinden amendment).

Senator Turnage moved, seconded by Senator McKeon, to adopt the above amendments. Voted and passed.

There was a motion by Senator Turnage, seconded by Senator Mathers, to amend following the word "source" by adding "within the State of Montana."

Senator Turnage moved to amend on page 5, line 2, following the word "the" to add "at the time of extraction from the ground, if". The motion was seconded by Senator Mathers.

A motion by Senator Turnage, seconded by Senator Mathers, to add a new section (the Anaconda amendment) by adding as per committee report, and changing the figure to 84 rather than 18 in the original amendment.

A motion was made by Senator Mathers to move the amendments, seconded by Senator McGowan. Voted and passed with a "no" vote from Senator McKeon on the section stating "at the time of extraction".

A motion to PASS CONSIDERATION of the bill until later in the day was made and seconded.

The Senate Committee on Taxation was called to order at 10:22 by Senator Nees, Chairman. He reported the bills left in committee and asked the pleasure of the committee in handling the bills.

A motion by Senator Turnage, seconded by Senator Vanio that the amendments to House Bill 97 on the xeroxed sheet be adopted. Voted and passed.

A motion by Senator Klindt to put in the Knife River Amendment to bring the tax down to 12cents. Seconded by Senator Turnage, voted and passed with Senator McKeon and Senator Vanio voting no.

A motion by Senator Manning, seconded by Senator Turnage to reinsert on page 5, lines 11, 12, 13, 14 and 15 and add a new subsection (1) to the County general fund from which the coal was mined 1/2 cent per ton. ¶ (2) reinsert lines 23, 24 and 25. Also to reinsert the words "distribution for a portion of the strip coal mines license tax to the counties" which was taken out in a previous motion in this committee.

Voted and passed.

A Motion by Senator Mathers, seconded by Senator Turnage that House Bill 509 be concurred in as amended. Voting against were McKeon because of the reduction of the 5 cents, and his desire to attempt to amend this back into the bill with a committee of the whole amendment. Motion carried, Senator McOmber also voting no.

A motion by Senator McKeon, seconded by Senator Turnage that House Bill 517 be amended be held in committee for the 74 session, voted and passed.

Motion by Senator Turnage, second by Senator McKeon that Senate Bill 433 be reconsidered. Voted and passed.

Motion by Senator Turnage, seconded by Senator McKeon that Senate Bill 433 be held over for the 1974 session.

Motion by Senator McKoen, second by Senator Turnage to reconsider House Bill 358. Voted and carried.

Motion by Senator McKoen, second by Senator Turnage to hold House Bill 348 for 1974 session.

Motion by Senator Turnage, second by Senator Bennett to reconsider House Bill 254. Voted and passed. Voting no were Senators Broeder, Klindt and Mathers.

A motion by Senator Turnage, second by Senator McKeon that we concur in House Bill 254. Voted and passed, negative votes by Senators Broeder, Klindt and Mathers.

A motion by Senator McKeon, do concur in, a motion (substitute) by Senator Mathers, do not concur in, substitute motion by Senator Turnage House Bill 489 be held over for consideration in the 1974 session. Second by Senator Klindt, Voted and passed to be held over.

It was decided to leave House Bill 58 to be held in the committee. The meeting adjourned.


NEES

Section 1. Section 82-1918, R.C.M. 1947, is amended to read as follows:

"82-1918. **Contracts limited to three years.** (1) No contracts, *except those provided for in subsection 2 of this section*, shall be made for a longer period than three (3) years and such contract shall provide for the delivery of such articles at such times and in such quantities as the purchasing agent may determine.

(2) *The state purchasing agent subject to the approval of the legislature as part of the long-range building program and subject to non-binding, public bids if more than one person or company is prepared to enter into such contract may enter into rental contracts for buildings required by the state which provide an option to purchase if the best interest of the state is served by the contract. The contract may provide an option to purchase provision subject to the limitation that such option must be exercised within twenty (20) years from the date the contract is executed.*

(3) *All buildings built or leased or purchased under this act must comply with all laws, safety codes, rules and regulations of the state of Montana.*"

Approved: March 29, 1973.

CHAPTER NO. 497

An Act to Create the Resource Indemnity Trust Account in the Trust and Legacy Fund and to Provide for the Funding of the Account by Imposing a Tax on the Gross Value of Product of all Nonrenewable Resource Extracting Industries.

Be it enacted by the Legislative Assembly of the State of Montana:

Section 1. There is a new section to be numbered 84-7001, R.C.M. 1947, which reads as follows:

84-7001. This act shall be known and may be cited as "The Montana Resource Indemnity Trust Act."

Section 2. There is a new section to be numbered 84-7002, R.C.M. 1947, which reads as follows:

84-7002. It is the policy of this state to provide security against loss or damage to our environment from the extraction of nonrenewable natural resources. Recognizing that the total environment consists of our air, water, soil, flora, fauna, and also of those social, economic, and cultural conditions that influence

our communities and the lives of our individual citizens, it is necessary that this state be indemnified for the extraction of those resources. Therefore, it is the purpose of this chapter to provide for the creation of a resource indemnity trust in order that the people and resources of Montana may long endure.

Section 3. There is a new section to be numbered 84-7003, R.C.M. 1947, which reads as follows:

84-7003. As used in this act:

(1) "Person" means and includes every individual, partnership, firm, association, joint-stock company, syndicate and corporation.

(2) "Mineral" means any precious stones or gems, gold, silver, copper, coal, lead, petroleum, natural gas, oil, uranium or other nonrenewable merchantable products extracted from the surface or subsurface of the state of Montana.

(3) "Gross value of product" means the market value of any merchantable mineral extracted or produced during the taxable year.

(4) "Total environment" means air, water, soil, flora, fauna, and also the social, economic, and cultural conditions that influence communities and individual citizens.

(5) "Department" means department of revenue.

Section 4. There is a new section to be numbered 84-7004, R.C.M. 1947, which reads as follows:

84-7004. For the purpose of carrying out this act there is a resource indemnity trust account in the trust and legacy fund. The resource indemnity account shall be credited with all moneys received as herein provided.

Section 5. There is a new section to be numbered 84-7005, R.C.M. 1947, which reads as follows:

84-7005. A person who engages in or carries on the business of mining, extracting, or producing a mineral from any quartz vein or lode, placer claim, dump or tailings, or other place or source, shall on or before March 31 of each year make out a statement of gross yield of the mineral from each mine owned or worked by that person during the year preceding January 1 of the year in which the statement is made, and the value thereof. This form shall be in the form prescribed by the department, and shall be verified by the oath of the person, or the manager, superintendent, agent, president, or vice-president of the corporation, association,

or partnership, if any, and shall be delivered to the department on or before March 31. The statement shall show the following:

- (1) The name and address of the owner or lessee or operator of the mine.
- (2) The description and location of the mine.
- (3) The quantity of minerals extracted, produced, and treated or sold from the mine during the period covered by the statement.
- (4) The amount and character of the mineral and the total yield of the mineral from the mine in constituents of commercial value; that is to say, the number of ounces of gold or silver, pounds of copper or lead, tons of coal, barrels of petroleum or other crude or mineral oil, cubic feet of natural gas or other commercially valuable constituents of the ores or mineral products or deposits measured by standard units of measurement, yielded to the person engaged in mining.
- (5) The gross yield or value in dollars and cents.

Section 6. There is a new section to be numbered 84-7006, R.C.M. 1947, which reads as follows:

84-7006. The annual tax to be paid by the person engaged in or carrying on the business of mining, extracting, or producing a mineral shall be twenty-five dollars (\$25), together with an additional sum or amount computed on the gross value of product which may have been derived from the business work or operation within this state during the calendar year immediately preceding, at the rate of one-half of one per cent ($\frac{1}{2}$ of 1%) of the amount of gross value of product at the time of extraction from the ground, if in excess of five thousand dollars (\$5,000).

Section 7. There is a new section to be numbered 84-7007, R.C.M. 1947, which reads as follows:

84-7007. The tax imposed by this act shall be paid by each person to which the tax applies on or before March 31 on the value of product in the year preceding January 1 of the year in which the tax is paid. The tax shall be paid to the department at the time that the statement of yield is filed with the department.

Section 8. There is a new section to be numbered 84-7008, R.C.M. 1947, which reads as follows:

84-7008. The department shall issue a receipt for the tax and promptly turn the tax over to the state treasurer for deposit in the resource indemnity trust account of the trust and legacy fund.

Section 9. There is a new section to be numbered 84-7009, R.C.M. 1947, which reads as follows:

84-7009. All moneys paid into the resource indemnity trust account shall be invested at the discretion of the board of investments. All the net earnings accruing to the resource indemnity trust account shall annually be added thereto until it has reached the sum of ten million dollars (\$10,000,000). Thereafter only the net earnings may be appropriated and expended until the account reaches one hundred million dollars (\$100,000,000). Thereafter all net earnings and all receipts shall be appropriated by the legislature and expended provided that the balance in the account may never be less than one hundred million dollars (\$100,000,000).

Section 10. There is a new section to be numbered 84-7010, R.C.M. 1947, which reads as follows:

84-7010. Any funds made available under this act shall be used and expended to improve the total environment and rectify damage thereto.

Section 11. There is a new section to be numbered 84-7011, R.C.M. 1947, which reads as follows:

84-7011. The tax imposed by this act shall be first imposed for the whole calendar year 1973, and shall be based on the statement of yield prescribed in section 84-7005.

Section 12. There is a new section to be numbered 84-7012, R.C.M. 1947, which reads as follows:

84-7012. Procedure in case of failure to file statement. If any person shall fail, refuse or neglect to make and file a statement and return within the time prescribed, the department shall, immediately after such time has expired, ascertain and determine as nearly as may be possible from any returns or reports filed with the state or from any other information which the department may be able to obtain, the total gross value of product of such person from such business during the calendar year immediately preceding the year in which the tax is to be paid, and shall make and file a statement showing the amount of such gross value of product and shall ascertain and determine and compute and assess the amount of the tax due from, and to be paid by such person.

Section 13. The information furnished by the producer to the department of revenue for the purpose of this act shall be treated as provided in section 84-1507, R.C.M. 1947.

Approved: March 29, 1973.